

**NINETEENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND**

BATON ROUGE, LOUISIANA

JUNE 30, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JAN 16 2013**

L.A. CHAMPAGNE & Co.
LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Honorable Judges of the
Nineteenth Judicial District Court

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of the Nineteenth Judicial District Court - Judicial Expense Fund, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Judicial Expense Fund's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Judicial Expense Fund's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of the Nineteenth Judicial District Court - Judicial Expense Fund as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012 on our consideration of the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over financial reporting, our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 7 and 30 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink, appearing to read "L.A. Champagne". The signature is fluid and cursive, with the last name "Champagne" being more legible than the first initial "L.A.". Below the signature, the date "December 21, 2012" is printed in a smaller, sans-serif font.

December 21, 2012

REQUIRED SUPPLEMENTARY INFORMATION



NINETEENTH JUDICIAL DISTRICT

EAST BATON ROUGE PARISH
BATON ROUGE, LOUISIANA

ANN B McCrory, J D
JUDICIAL ADMINISTRATOR

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Nineteenth Judicial District Court – Judicial Expense Fund (the JEF) provides an overview of the JEF's activities for the year ended June 30, 2012. Please read it in conjunction with the JEF's financial statements that begin on page 8.

FINANCIAL HIGHLIGHTS

- The JEF experienced an increase in total net assets of approximately \$356,000 or 23% percent
- During the year, revenues exceeded expenses generated for governmental programs by \$356,000. Last year expenses exceeded revenues by \$10,000
- Total cost of all the JEF's programs decreased by \$48,000, and total revenues increased by \$318,000
- The general fund reported a surplus this year of approximately \$327,000. This is an increase from last year's surplus which was \$65,000.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 - 10) provide information about the activities of the JEF as a whole and present a longer-term view of the JEF's finances. Fund financial statements (on pages 11 - 15) tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the JEF's operations in more detail than the government-wide statements by providing information about both of the JEF governmental funds.

Reporting the JEF as a Whole

Our analysis of the JEF as a whole begins on page 9. We believe the key question regarding JEF finances to be, “Is the JEF as a whole better or worse as a result of the year’s activities?” The Statement of Net Assets and the Statement of Activities report information about the JEF as a whole, and about its activities, in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the JEF’s net assets and changes in them. You can think of the JEF’s net assets—the difference between assets and liabilities—as one way to measure the JEF’s financial health, or financial position. Over time, increases or decreases in the JEF’s net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as number of cases handled by District Court as well as the number of judgeships approved by the State Legislature and the State’s economic condition to better assess the overall health of the JEF.

Currently, the JEF has only governmental activities that provide for personnel, equipment, supplies and other costs related to the proper administration of District Court. Primarily, court costs and fines finance these activities.

Reporting the JEF’s Funds

Our analysis of the JEF’s funds begins on page 11. The fund financial statements provide detailed information about the JEF’s funds, not the JEF as a whole. In addition to accounting for the fees for court costs, fines; appropriations from East Baton Rouge City – Parish, East Baton Rouge Clerk of Court and the Louisiana Supreme Court; and other revenues that finance activities of the District Court, the JEF also accounts for the appropriation received from the Louisiana Supreme Court to administer the Commissioners’ offices. Fees collected for the preparation of transcripts for indigent defenders are maintained in a separate special revenue fund in accordance with LA R. S. 13:965. The General Fund, the Commissioners’ Fund, and the Indigent Transcript Fund are governmental funds that focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, which measures only cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the JEF’s operations and the services it provides. Governmental fund information helps you determine the amount of financial resources available to be spent in the near future to finance the JEF’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

THE JEF AS A WHOLE

The JEF's net assets increased by approximately \$356,000 from \$1,532,000 to \$1,888,000, due to an increase in revenue from the collection of court costs, court fines and bond forfeitures

Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the JEF's governmental activities

Table 1
Net Assets

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Current and other assets	\$2,803,635	\$2,632,063	\$ 171,572	7 %
Capital assets	<u>59,679</u>	<u>41,493</u>	<u>18,186</u>	<u>44</u>
Total assets	<u>2,863,314</u>	<u>2,673,556</u>	<u>189,758</u>	<u>7</u>
Current liabilities	316,482	538,648	(222,166)	(41)
Accrued compensated absences	<u>659,269</u>	<u>603,522</u>	<u>55,747</u>	<u>9</u>
Total liabilities	<u>975,751</u>	<u>1,142,170</u>	<u>(166,419)</u>	<u>(15)</u>
Net assets				
Invested in capital assets	59,679	41,493	18,186	44
Restricted by external legal constraints	701,979	644,863	57,116	9
Unrestricted	<u>1,125,905</u>	<u>845,030</u>	<u>280,875</u>	<u>33</u>
Total net assets	<u>\$1,887,563</u>	<u>\$1,531,386</u>	<u>\$ 356,177</u>	<u>23 %</u>

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by other legal restrictions, increased by \$280,000 resulting in a surplus of \$1,126,000 at the end of this year due to the Court's efforts to stabilize and reduce expenses and increasing efforts to collect court fines and costs

The JEF's total revenues increased by ten percent or \$318,000, and the total cost of all programs and services decreased by \$48,000.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is provided. Of particular interest is its format that is significantly different than that of the typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the

Revenue/(Expense). The reason for this kind of format is to highlight the relative financial burden of each of the governmental functions. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Fees in the form of court costs and fines represent the majority of the revenues reported for the District Court function.

Table 2
Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Revenues				
Fees and fines	\$2,422,097	\$2,144,761	\$ 277,336	13 %
Intergovernmental	5,028,828	4,881,362	147,466	3
Charges for services	160,010	189,084	(29,074)	(15)
Interest	7,016	13,613	(6,597)	(48)
Other	<u>8,692</u>	<u>260</u>	<u>8,432</u>	3,243
Total revenues	<u>7,626,643</u>	<u>7,229,080</u>	<u>397,563</u>	5
Program expenses				
District Court	6,854,947	6,823,003	31,944	0
Commissioners'	<u>415,519</u>	<u>416,549</u>	<u>(1,030)</u>	0
Total expenses	<u>7,270,466</u>	<u>7,239,552</u>	<u>30,914</u>	0
 Increase (decrease) in net assets	 <u>\$ 356,177</u>	 <u>\$ (10,472)</u>	 <u>\$ 366,649</u>	 3,501 %

THE JEF'S FUNDS

As the JEF completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of \$2,448,000, which is \$385,000 more than last year's total of \$2,063,000.

The following schedule presents a summary of general fund revenues and expenditures for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to the prior year.

Table 3
General Fund Revenues and Expenditures

	<u>2012</u>		<u>2011</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>
Revenues				
Fees and fines	\$2,221,032	32 %	\$1,971,791	30 %
Intergovernmental	4,618,573	66	4,480,312	67
Charges for services	146,968	2	187,555	3
Interest	7,016	-	13,613	-
Other	<u>8,692</u>	<u>-</u>	<u>260</u>	<u>-</u>
Total revenues	<u>7,002,281</u>	<u>100</u>	<u>6,653,531</u>	<u>100</u>
Expenditures				
District Court	6,775,024	97	6,719,867	101
Capital outlay	<u>38,647</u>	<u>2</u>	<u>9,790</u>	<u>-</u>
Total expenditures	<u>6,813,671</u>	<u>97</u>	<u>6,729,657</u>	<u>101</u>
Excess (deficiency) of revenues over expenditures before transfers	188,610	3	(76,126)	(1)
Transfers	<u>138,873</u>	<u>2</u>	<u>141,234</u>	<u>2</u>
Excess of revenues over expenditures after transfers	<u>\$ 327,483</u>	<u>5 %</u>	<u>\$ 65,108</u>	<u>1 %</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the General Fund budget was revised one time. The budget was amended to reflect the final budgetary fund balance for July 1, 2011, and to more accurately report projected revenues and operating expenditures. Each year the Court projects revenues based on the previous year's collections. This year the major variances involve court costs, court fines and bond forfeitures, which exceeded projections by approximately \$30,000. Overall, the court's expenses were \$238,000 less than budgeted, which is related to various operational cost cutting initiatives and increases in intergovernmental reimbursements.

Capital equipment purchases increased to \$39,000 in 2012 compared to \$10,000 for 2011.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2012, the JEF had \$340,000 invested in capital assets including computer equipment and office renovations (See Table 4 below.) This represents a net increase of \$20,000 from last year. Capital additions totaled \$39,000 along with \$19,000 in the disposal of obsolete and non-functioning equipment

Table 4
Capital Assets at Year-end

	<u>2012</u>	<u>2011</u>
Computer equipment, including software	\$ 225,200	\$ 228,917
Other office equipment	83,185	63,357
Furniture and fixtures	27,983	27,983
Office renovations	<u>3,964</u>	<u>-</u>
Totals	<u>\$ 340,332</u>	<u>\$ 320,257</u>

Debt

At year-end, the JEF had approximately \$721,000 estimated for accrued compensated absences that represents the future liability for vacation earned but not used by District Court employees. That is an increase of eight percent from last year. (See Table 5 below)

Table 5
Outstanding Debt at Year-end

	<u>2012</u>	<u>2011</u>
Accrued compensated absences	<u>\$ 720,828</u>	<u>\$ 665,038</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City-Parish of East Baton Rouge funds most of the District Court operations. The annual budget adopted by the City-Parish for 2012 increased by \$102,000 from its prior year appropriation, a 2.4% increase. This budget includes increases in salaries, retirement contributions, medical, dental and post employment benefits. The Court grants all eligible employees a three percent merit raise each year. The Court anticipates revenue collection to be flat in the upcoming fiscal period, and may have to liquidate some of its cash reserves to meet operating expenditures, in particular the 17.0% increase in its required contribution to the Clerk's of Court Retirement System and the increased costs associated with the Court's employees hired after January 1, 2009 having to join the LASERS retirement system, which currently costs 69.0% more than the Clerk's System. The Court consistently attempts to reduce operating expenses without jeopardizing the overall operations of the Court.

CONTACTING THE FUND'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the JEF's finances and to show the JEF's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Judicial Administrator's Office at 300 North Blvd, Suite 3606, Baton Rouge, Louisiana.



Derek Ransome
Director of Finance

BASIC FINANCIAL STATEMENTS

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
STATEMENT OF NET ASSETS**

June 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash, including time deposits	\$ 2,397,299
Accounts receivable (net)	55,149
Receivable from other governments	338,321
Other	<u>12,866</u>
Total current assets	2,803,635
Noncurrent assets	
Capital assets, net of depreciation	<u>59,679</u>
Total assets	<u>2,863,314</u>
LIABILITIES	
Current liabilities	
Accounts payable	254,923
Accrued compensated absences	<u>61,559</u>
Total current liabilities	316,482
Noncurrent liabilities	
Accrued compensated absences	<u>659,269</u>
Total liabilities	<u>975,751</u>
NET ASSETS	
Invested in capital assets	59,679
Restricted by external legal constraints	701,979
Unrestricted	<u>1,125,905</u>
Total net assets	<u>\$ 1,887,563</u>

See accompanying notes to the basic financial statements

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
STATEMENT OF ACTIVITIES**
Year ended June 30, 2012

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Expense)</u>
Functions/Programs					
Governmental activities					
District Court	\$ 6,854,947	\$ 2,582,107	\$ -	\$ -	\$ (4,272,840)
Commissioners'	415,519	-	-	-	(415,519)
Total governmental activities	<u>\$ 7,270,466</u>	<u>\$ 2,582,107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(4,688,359)</u>
General revenues					
Intergovernmental					5,028,828
Interest					7,016
Other					8,692
Total general revenues					<u>5,044,536</u>
Change in net assets					356,177
Net asset - beginning of year					<u>1,531,386</u>
Net asset - end of year					<u>\$ 1,887,563</u>

See accompanying notes to the basic financial statements

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Commissioners' Fund	Other Funds	Total Governmental Funds
ASSETS				
Cash, including time deposits	\$ 2,350,936	\$ 46,363	\$ -	\$ 2,397,299
Accounts receivable (net)	28,734	-	-	28,734
Receivable from other governments	322,161	-	16,160	338,321
Due from other funds	-	6,299	654,295	660,594
Total assets and other debits	<u>\$ 2,701,831</u>	<u>\$ 52,662</u>	<u>\$ 670,455</u>	<u>\$ 3,424,948</u>
LIABILITIES				
Accounts payable	\$ 237,928	\$ 16,995	\$ -	\$ 254,923
Due to other funds	656,451	-	4,143	660,594
Accrued compensated absences	61,559	-	-	61,559
Total liabilities	<u>955,938</u>	<u>16,995</u>	<u>4,143</u>	<u>977,076</u>
FUND BALANCES				
Restricted				
Special Revenue Funds	-	35,667	666,312	701,979
Unassigned	1,745,893	-	-	1,745,893
Total fund balances	<u>1,745,893</u>	<u>35,667</u>	<u>666,312</u>	<u>2,447,872</u>
Total liabilities and fund balances	<u>\$ 2,701,831</u>	<u>\$ 52,662</u>	<u>\$ 670,455</u>	<u>\$ 3,424,948</u>

See accompanying notes to the basic financial statements

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
June 30, 2012

Total governmental fund balances	\$ 2,447,872
Amounts reported for governmental activities in the Statement of Net Assets are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	59,679
Receivables that are not available to pay current period expenditures and therefore are not reported in the funds	26,414
Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period	12,867
Long-term liabilities (accrued compensated absences) are not due and payable in the current period and therefore are not reported in the funds	<u>(659,269)</u>
Net assets of governmental activities	\$ <u>1,887,563</u>

See accompanying notes to the basic financial statements

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year ended June 30, 2012

	General Fund	Commissioners' Fund	Other Funds	Total Governmental Funds
REVENUES				
Fees and fines	\$ 2,221,032	\$ -	\$ 201,065	\$ 2,422,097
Intergovernmental	4,618,573	410,255	-	5,028,828
Charges for services	146,968	-	-	146,968
Interest	7,016	-	-	7,016
Other	8,692	-	-	8,692
Total revenues	<u>7,002,281</u>	<u>410,255</u>	<u>201,065</u>	<u>7,613,601</u>
EXPENDITURES				
Current operations				
District Court	6,775,024	-	-	6,775,024
Commissioners'	-	415,331	-	415,331
Capital expenditures	<u>38,647</u>	<u>-</u>	<u>-</u>	<u>38,647</u>
Total expenditures	<u>6,813,671</u>	<u>415,331</u>	<u>-</u>	<u>7,229,002</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	138,873	-	-	138,873
Operating transfers out	<u>-</u>	<u>-</u>	<u>(138,873)</u>	<u>(138,873)</u>
	<u>138,873</u>	<u>-</u>	<u>(138,873)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPEN- DITURES AND OTHER USES	<u>327,483</u>	<u>(5,076)</u>	<u>62,192</u>	<u>384,599</u>
Fund balances - beginning of year	<u>1,418,410</u>	<u>40,743</u>	<u>604,120</u>	<u>2,063,273</u>
Fund balances - end of year	<u>\$ 1,745,893</u>	<u>\$ 35,667</u>	<u>\$ 666,312</u>	<u>\$ 2,447,872</u>

See accompanying notes to the basic financial statements

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES***Year ended June 30, 2012*

Net change in fund balances - total governmental funds	\$ 384,599
Amounts reported for governmental activities in the statement of activities are different because	
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	18,187
Only the gain/loss from the sale of equipment is reported as governmental activities of the current period whereas the proceeds from the sale are financial resources and reported as revenue in the funds	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds	13,042
Expenses reported in the statement of activities in the current period and reported as expenditures of governmental funds in the previous period	(3,904)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	<u>(55,747)</u>
Change in net assets of governmental activities	<u>\$ 356,177</u>

See accompanying notes to the basic financial statements

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2012

	<u>Agency Fund</u>
ASSETS	
Due from other governments	\$ 23,715
Total assets and other debits	<u>\$ 23,715</u>
LIABILITIES	
Due to other governments	\$ 23,715
Total liabilities	<u>\$ 23,715</u>

See accompanying notes to the basic financial statements

NINETEENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Judicial Expense Fund complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Financial reporting entity

The Nineteenth Judicial District Court Expense Fund was established by a legislative act effective June 30, 1969. The act provides for the collection of fees in the form of court costs and fines, and provides for court reporters and such secretarial, clerical, research, administrative or other personnel as are deemed necessary to expedite the business and functions of the court. The Fund may also be used to pay for establishing and maintaining a law library, equipment, supplies and any other costs or expenses related to the proper administration of the court, except for the payment of judges' salaries.

The offices of Commissioner of the Nineteenth Judicial District Court were created by legislative act that provides for the appointment of two commissioners whose duties are assigned by the Chief Judge. These duties include hearing and making recommendations on criminal and civil proceedings arising out of the incarceration of state prisoners. The State of Louisiana appropriates funds for equipment, supplies, and the salaries and related benefits for employees of the Commissioners.

As the governing authority of the consolidated government, the City of Baton Rouge, Parish of East Baton Rouge (City-Parish) is the financial reporting entity for the consolidated government. The financial reporting entity consists of the primary government (City-Parish), and includes all component units of which the City-Parish appoints a voting majority of the units' board; the City-Parish is either able to impose its will on the unit or a financial benefit or burden relationship exists.

The Judicial Expense Fund is part of the operations of the district court system that is fiscally dependent on the City-Parish. The City-Parish provides directly to the court office space, courtrooms, personal services, and other supplies and services. The nature of the relationship between the Judicial Expense Fund and the district court and the City-Parish is significant. Therefore, the Judicial Expense Fund was determined to be a component unit of the City of Baton Rouge, Parish of East Baton Rouge, the financial reporting entity. The accompanying

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

financial statements present information only on the Judicial Expense Fund maintained by the Nineteenth Judicial District Court and do not present any other information on the District Court, or the City-Parish, the general government services provided by that governmental unit, or on the other governmental units that comprise the financial reporting entity.

Basis of presentation

Government-wide financial statements – The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except for the fiduciary fund described below. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund financial statements – The financial transactions of the Judicial Expense Fund are reported in individual funds in the fund financial statements. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Judicial Expense Fund uses the governmental fund type. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The funds of the Judicial Expense Fund are described as follows:

General fund - The general fund is the general operating fund and accounts for all activities of the Judicial Expense Fund except those required to be accounted for in another fund.

Special revenue funds - Special revenue funds are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary fund (agency fund) – The agency fund accounts for assets held by the Judicial Expense Fund in a purely custodial capacity.

Measurement focus and basis of accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement focus – The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

Basis of accounting - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when "measurable and available." Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Financial statement amounts

Cash, including time deposits - "Cash, including time deposits" includes all demand deposits, savings accounts and certificates of deposit of the Judicial Expense Fund.

Interfund receivables and payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables are eliminated in the Statement of Net Assets. Details of interfund receivables and payables at year end are found in Note K.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for governmental activities include amounts due from the Clerk of Court and attorneys for transcript charges.

Receivables are included in the fund financial statements if they are both measurable and available. Revenues are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Capital assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is computed on the straight-line basis over the following estimated useful lives

Computer equipment, including software	5 – 10 years
Other office equipment	5 – 10 years
Furniture and fixtures	10 – 20 years
Office renovations	10 – 20 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Judicial Expense Fund and do not reflect assets of the court obtained from other sources

Revenues

Substantially all government fund revenues are accrued. Those revenues include filing and license fees, fines, and court costs collected by other agencies and remitted to the Judicial Expense Fund in the following month, as well as, amounts due under appropriations and grant contracts, interest and dividend revenue, transcript charges to attorneys, and drug enforcement forfeitures collected by the District Attorney and paid annually or upon request. As a grant recipient, grant receivables and revenue are recognized when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred revenue

Expenditures

Expenditures are recognized when the related fund liability is incurred

Compensated absences

The annual and sick leave plan adopted by the JEF allows a maximum accumulation of 60 days of vacation leave. Certain employees hired before the current annual and sick leave plan was adopted can accumulate more than the 60 days maximum allowed under the current plan. Upon termination, employees are paid for the unused vacation leave. Sick leave is allowed to accrue and accumulate, however, such sick leave benefits are payable only upon absence from work for medical reasons. Upon termination, accumulated sick leave lapses, and no payments are made for the unused accumulations.

Certain employees of District Court may accrue up to 30 days of compensatory time in lieu of overtime payment. The Judicial Expense Fund pays compensatory leave up to the maximum accrual amounts upon termination, resignation, retirement or death. Whenever an employee exceeds the maximum accrual amounts, the excess is paid to the employee during the following month.

GASB Statement No. 16, *Accounting for Compensated Absences*, requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. The Judicial Expense Fund records a liability for 100% of the

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

accrued vacation and compensatory time for each employee up to the respective maximums at the employees' current rate of pay. Additionally, applicable social security and Medicare costs are added to the accrued leave as computed above

GASB Statement No. 16 requires the accrual for sick leave if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement. Since the amount of accumulated sick leave lapses upon termination, no amount has been accrued.

The amounts shown in the accompanying financial statements for accrued compensated absences represent the liability for all employees of the District Court except the judges and the commissioners.

The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Deferred compensation

Certain employees of the Nineteenth Judicial District Court participate in the Court's Deferred Compensation Plan or the State of Louisiana Deferred Compensation Plan. These plans were adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plans are included in the separately issued audit reports for the Plans. The Nineteenth Judicial District Court Plan audit report is available from the plan's administrator, Nationwide Retirement Solutions, and the State of Louisiana Deferred Compensation Plan is available from the State of Louisiana.

Interfund transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. All transfers between individual governmental funds have been eliminated on the statement of activities.

Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fund Balances

Fund balances of the governmental funds are classified as follows:

Restricted – amounts that can be spent only for specific purposes under enabling legislation

Unassigned – all other spendable amounts

B: CASH AND INVESTMENTS

Cash includes amounts in demand deposits and time deposits. Under state law, the Judicial Expense Fund may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

At June 30, 2012, the Judicial Expense Fund had cash (book balances) as follows:

Interest bearing demand deposits	\$ 816,624
Time deposits (certificates of deposit)	<u>1,580,675</u>
	<u>\$ 2,397,299</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Judicial Expense Fund that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk is the risk that in the event of a bank failure, the Judicial Expense Fund's deposits may not be returned to it. The Judicial Expense Fund does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$2,110,979 of the Judicial Expense Fund's bank balance of \$2,360,979 was exposed to custodial credit risk as follows.

Uninsured and collateral held by fiscal agent bank's trust department not in the Judicial Expense Fund's name	\$ <u>2,110,979</u>
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C: ACCOUNTS RECEIVABLE

Accounts receivable of the governmental activities consists mostly of amounts due from the Clerk of Court and attorneys for transcript charges. Detail of the receivables at June 30, 2012 is as follows:

Transcripts	\$ 37,753
Less allowance for doubtful accounts	<u>8,979</u>
	28,774
Other receivables	<u>26,375</u>
Accounts receivable (net)	<u>\$ 55,149</u>

C: ACCOUNTS RECEIVABLE (Continued)

The allowance for doubtful accounts was established based on historical trends and other information. At June 30, 2012, \$30,145 of the transcripts receivable were past due ninety days or more.

D: INTERGOVERNMENTAL RECEIVABLES / (PAYABLES)

Intergovernmental receivables due at June 30, 2012 are as follows

General fund

East Baton Rouge Parish Sheriff	\$ 170,934
East Baton Rouge Clerk of Court	16,597
Louisiana Department of Public Safety	1,750
Louisiana Supreme Court	132,879
	<u>\$ 322,160</u>

Indigent transcript fund

East Baton Rouge Parish Sheriff	<u>\$ 16,160</u>
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E: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, is as follows

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Computer equipment, including software	\$ 228,917	\$ 5,125	\$ 8,842	\$ 225,200
Other office equipment	63,357	29,557	9,729	83,185
Furniture and fixtures	27,983	-	-	27,983
Office renovations	-	3,964	-	3,964
Totals at historical cost	<u>320,257</u>	<u>38,646</u>	<u>18,571</u>	<u>340,332</u>
Less accumulated depreciation				
Computer equipment, including software	202,781	16,234	8,842	210,173
Other office equipment	55,504	3,339	9,729	49,114
Furniture and fixtures	20,479	821	-	21,300
Office renovations	-	66	-	66
Totals at historical cost	<u>278,764</u>	<u>20,460</u>	<u>18,571</u>	<u>280,653</u>
Capital assets, net	<u>\$ 41,493</u>	<u>\$ 18,186</u>	<u>\$ -</u>	<u>\$ 59,679</u>

E: CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental activities as follows

District Court	\$ 20,247
Commissioners'	213
	<u>\$ 20,460</u>

F: LONG-TERM DEBT

As of June 30, 2012, the governmental long-term debt consisted of the following:

Accrued compensated absences:	
Current portion	\$ 61,559
Non-current portion	<u>659,269</u>
Total governmental activity debt	<u>\$ 720,828</u>

The following is a summary of changes in long-term debt for the year ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012	Amounts Due within One Year
Accrued Compensated Absences	<u>\$ 665,037</u>	<u>\$ 55,791</u>	<u>\$ -</u>	<u>\$ 720,828</u>	<u>\$ 61,559</u>

G: SALARY EXPENDITURES

The Judicial Expense Fund administers the payroll for all District Court employees excluding the judges and the commissioners. The Parish of East Baton Rouge reimburses the fund for those salaries disbursed by the fund but appropriated in the City-Parish budget. Also, the Clerk of Court reimburses the Fund for a portion of the salary of an employee who works for both the Nineteenth Judicial District Court and the East Baton Rouge Parish Clerk of Court.

H: PENSION PLANS

Louisiana State Employees Retirement System

Plan Description. The employees of the Commissioners' offices, whose salaries are paid from an appropriation from the State of Louisiana, court reporters hired after June 30, 2003 and all other court employees hired after January 1, 2009 are members of the Louisiana State Employees Retirement System ("System"), a public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of state employees, which is administered and controlled by a separate Board of Trustees. The System provides retirement and disability

H: PENSION PLANS (Continued)

benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System was established and provided for within Title 11 Chapter 401 of the Louisiana Revised Statutes (LRS). The Louisiana State Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Louisiana State Employees Retirement System, P O Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling 1-800-256-3000.

Funding Policy Plan members are required by state statute to contribute 7.5%, 8% for employees hired after July 1, 2006, of gross salary to which District Court added a 25.6% and 22.0% contribution as an employer's match for the years ended June 30, 2012 and 2011, respectively. The contribution requirements of plan members and District Court are established and may be amended by the System's Board of Trustees. The District Court and Commissioners' offices statutory and actual contributions for the years ending June 30, 2012, 2011, and 2010 were \$475,181, \$343,679, and \$227,280, respectively.

Louisiana Clerks of Court Retirement and Relief Fund

Plan Description Other court employees, whose salaries are expenditures of the Judicial Expense Fund, are members of the Louisiana Clerks of Court Retirement and Relief Fund (Fund), a multiple-employer, cost sharing public employee retirement system, controlled and administered by a separate Board of Trustees. The Fund provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling 225-293-1162.

Funding Policy Plan members are required by state statute to contribute 8.25% of their annual covered salary and the Nineteenth Judicial District Court is required to contribute at an actuarially determined rate. The Court contributed a rate of 17.25% of annual covered payroll for the years ended June 30, 2012 and 2011. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Nineteenth Judicial District Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Nineteenth Judicial District Court's contributions to the System for the years ending June 30, 2012, 2011, and 2010 were \$521,268, \$577,581, and \$567,766, respectively, which were equal to the required contributions for each year.

I: OTHER POSTEMPLOYMENT BENEFITS

District Court Employees

In addition to the pension benefits described in Note H, the City-Parish provides post retirement

I: OTHER POSTEMPLOYMENT BENEFITS (Continued)

health care benefits. Employees are eligible to continue participation in the health, dental and life insurance programs upon retirement.

Health and dental benefits

Employees may at their option participate in the group health and dental insurance programs. Upon retirement the employee may continue coverage paying the same premiums and receiving the same benefits as active employees. Retirees may continue coverage in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972.

Employees and retirees contribute from 25% to 48% of the premiums and the City-Parish contributes from 52% to 75% of the premiums depending upon the number of family members covered. Effective January 1, 2003, the current costs of these premiums were allocated over all employers and funds that participate in the health and dental self-insurance programs.

The Judicial Expense Fund does not recognize expenditures for the employer portion of these benefits since they are provided by the City-Parish.

Life insurance benefits

In accordance with City Resolution 5942 and Parish Resolution 12478 adopted by the respective councils on April 14, 1976, all employees who retire after May 1, 1976 have \$3,000 of term life insurance coverage. The cost of this insurance is paid by the City-Parish through an actuarially determined monthly assessment of 70 cents per active employee. The premium is paid into an Insurance Continuance Fund Account.

The Judicial Expense Fund does not recognize expenditures for these life insurance benefits since they are provided by the City-Parish.

Commissioners' Office Employees

In addition to the pension benefits described in Note H, the State of Louisiana provides post-retirement health care benefits. LRS 42:821 through 42:880 establishes the self-insured and self-funded state employees group health care and life insurance program and authorizes the commissioners' office to provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the commissioners' employees become eligible for those benefits if they reach normal retirement age while working for the Commissioners' office. Monthly premiums are paid jointly by the employees and the employer (from the Commissioners' office appropriation) for active employees' benefits regardless of whether benefits are provided by Group Benefits or one of the HMO's authorized by Group Benefits.

The Judicial Expense Fund does not recognize expenditures for these benefits since they will be included in the annual appropriation from the State of Louisiana.

Annual OPEB Cost and Net OPEB Obligation

The portion of the East Baton Rouge City-Parish annual OPEB cost attributable to the Judicial Expense Fund was calculated based upon the annual required contribution (ARC) as actuarially determined under the applicable provisions of Government Accounting Standards.

I: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions* The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated for the City Parish by an outside actuarial consultant.

For the year ended December 31, 2011, the Judicial Expense Fund's allocated portion of the ARC and annual OPEB cost amounted to \$1,287,392 and the net OPEB obligation at that date was \$4,519,391

As noted above, these benefits are provided by and are the obligation of East Baton Rouge City-Parish Therefore, the Judicial Expense Fund does not recognize the annual OPEB costs related to these benefits or the associated OPEB obligation since the annual OPEB cost and the OPEB obligation are included in the financial statements of the City-Parish government

J: OPERATING LEASES

The Court leases office equipment under agreements that are classified as operating leases. Most of these leases can be extended on a month-to-month basis until either the Court returns the equipment to the lessor or the lessor terminates the lease by written notice In most cases, the leases are extended or replaced by other leases. Operating lease payments during 2011 totaled \$1,521

There are no obligations remaining under these agreements as of June 30, 2012

K: INTERFUND TRANSACTIONS

The following is a summary of amounts due from and due to other funds at June 30, 2012

	Due to			
	Commis- sioners' Fund	Indigent Transcript Fund	Drug Treatment Fund	Total
Due from:				
General Fund	\$ 2,156	\$ 641,291	\$ 13,004	\$ 656,451
Indigent Transcript Fund	4,143	-	-	4,143
	<u>\$ 6,299</u>	<u>\$ 641,291</u>	<u>\$ 13,004</u>	<u>\$ 660,594</u>

K: INTERFUND TRANSACTIONS (Continued)

Outstanding balances between funds reported as "due to/due from other funds" includes charges by one fund to another for services and/or goods outstanding at year end and are expected to be settled within the next year.

The operating transfers in or out during the year ended June 30, 2012 are as follows:

	<u>Transfers to.</u> General Fund
<u>Transfers from</u>	
Indigent transcript fund	\$ 138,873

Transfers are substantially for the purposes of subsidizing operating functions. Court reporters are paid from the general fund, and the indigent transcript fund reimburses the general fund whenever the transcript is categorized as "indigent." Whenever expenditures for the Commissioners' offices exceed the state appropriation, the general fund covers the excess.

L: CONCENTRATIONS OF CREDIT RISK

Intergovernmental receivables represent amounts due from other East Baton Rouge Parish governmental agencies and the State of Louisiana. The majority of the other receivables are due from Louisiana attorneys who practice before the court. Such receivables are not collateralized. Payment of these amounts is partly dependent upon the economic and financial conditions within East Baton Rouge Parish and the State of Louisiana.

Certain operating expenditures of the district court are paid directly by the City-Parish and are not included in the accompanying financial statements. The City-Parish has a calendar year end, and the expenditures for the operation of the district court for the year ended December 31, 2011 are summarized as follows:

Supplies	77,950
Utilities	670,545
Janitorial, waste and maintenance	296,577
Telephone and communications	66,228
Capital outlay	-
	<u>\$ 1,111,300</u>

L: CONCENTRATIONS OF CREDIT RISK (Continued)

Included in intergovernmental revenue is an appropriation from the East Baton Rouge City – Parish for salaries and related employment taxes and benefits in the amount of \$4,069,154. Intergovernmental revenue also includes funding from the Clerk of Court of East Baton Rouge Parish for salaries and related employment taxes and benefits in the amount of \$21,822.

M: SUBSEQUENT EVENTS

Subsequent events were evaluated through December 21, 2012, which is the date the financial statements were available to be issued

REQUIRED SUPPLEMENTARY INFORMATION

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND, INDIGENT TRANSCRIPT FUND AND
DRUG TREATMENT FUND**

Year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance - July 1, 2011	\$ 1,625,761	\$ 2,022,530	\$ 2,022,530	\$ -
Resources (inflows)				
Fees and fines				
Clerk of Court - civil and probate filing fees	155,000	146,600	161,413	14,813
East Baton Rouge Parish Sheriff				
Court costs	196,000	222,100	222,442	342
Court defrayment costs	302,000	295,000	283,712	(11,288)
Bail bond forfeitures	48,000	96,200	123,737	27,537
Fines	770,000	923,100	910,294	(12,806)
Indigent transcript fees	175,000	201,700	204,859	3,159
East Baton Rouge District Attorney				
Drug enforcement forfeitures	65,000	44,000	91,425	47,425
Bail bond license fees	372,500	399,700	398,577	(1,123)
Louisiana Department of Public Safety - license fees	28,500	24,800	24,800	-
Intergovernmental				
Louisiana Supreme Court				
Drug court appropriation	430,000	540,000	522,195	(17,805)
Charges for services				
Transcript charges to attorneys	141,000	163,400	136,034	(27,366)
Program fees	4,000	11,400	10,935	(465)
Interest	4,500	4,950	7,016	2,066
Other	7,525	3,665	9,529	5,864
Amounts available for appropriation	<u>2,699,025</u>	<u>3,076,615</u>	<u>3,106,968</u>	<u>30,353</u>

Continued

Exhibit 1 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final - as Restated</u>		
Charges to appropriations (outflows)				
District Court				
Personal services				
Salaries, payroll taxes and benefits			5,679,947	
Less intergovernmental reimbursements			(4,096,377)	
Net salaries, payroll taxes and benefits	\$ 2,020,000	\$ 1,694,350	\$ 1,583,570	\$ 110,780
Supplies				
Office supplies	135,500	121,000	102,828	18,172
Computer supplies	20,000	27,600	27,937	(337)
Drug screen lab supplies/services	125,850	118,800	100,768	18,032
Dues and subscriptions	113,200	115,200	98,719	16,481
Other	3,350	2,500	2,797	(297)
Contractual services				
Legal and other professional fees	30,000	56,700	47,044	9,656
Drug treatment services	435,000	542,000	515,787	26,213
Surety bonds	8,500	6,200	2,371	3,829
Workers' compensation insurance for community service workers	3,400	3,300	3,312	(12)
Other contractual services	5,500	26,200	26,624	(424)
Travel, meetings and conferences	102,500	93,200	62,768	30,432
Equipment repair and maintenance	43,500	52,700	43,917	8,783
Equipment	73,000	79,400	60,206	19,194
Capital outlay	20,000	16,600	38,647	(22,047)
Total charges to appropriations	<u>3,139,300</u>	<u>2,955,750</u>	<u>2,717,295</u>	<u>238,455</u>
Budgetary fund balance - June 30, 2012	<u>\$ 1,185,486</u>	<u>\$ 2,143,395</u>	<u>\$ 2,412,203</u>	<u>\$ 268,808</u>

COMPENSATION FUND FOR JURORS IN CRIMINAL CASES

	<u>Agency Fund</u>			
Budgetary fund balance - July 1, 2011	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Criminal juror compensation	-	-	-	-
Charges to appropriations (outflows)				
Criminal juror compensation	-	-	-	-
Budgetary fund balance - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to budgetary comparison schedules

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
BUDGETARY COMPARISON SCHEDULE - COMMISSIONERS' FUND**

Year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance (deficit) - July 1, 2011	\$ -	\$ -	\$ 40,743	\$ 40,743
Resources (inflows)				
Intergovernmental				
State of Louisiana	410,255	410,255	410,255	-
Amounts available for appropriation	410,255	410,255	410,255	-
Charges to appropriations (outflows)				
Commissioners'				
Personal services				
Salaries	296,124	296,124	287,722	8,402
Transcript services	-	-	-	-
Group benefits				
Payroll taxes	1,670	1,670	1,576	94
Group insurance	29,588	29,588	30,025	(437)
Retirement	61,705	61,705	69,535	(7,830)
Supplies				
Office supplies	4,491	4,491	4,791	(300)
Computer supplies	1,259	1,259	3,803	(2,544)
Dues and subscriptions	569	569	12,838	(12,269)
Other	154	154	-	154
Contractual services				
Legal and other professional fees	1,194	1,194	1,214	(20)
Other contractual services	2,240	2,240	126	2,114
Parking fees	1,642	1,642	-	1,642
Travel, meetings and conferences	1,727	1,727	3,005	(1,278)
Equipment repair and maintenance	1,369	1,369	41	1,328
Telephone	1,139	1,139	656	483
Capital outlay	5,384	5,384	-	5,384
Total charges to appropriations	410,255	410,255	415,331	(5,076)
Budgetary fund balance - June 30, 2012	\$ -	\$ -	\$ 35,667	\$ 35,667

See accompanying note to budgetary comparison schedules

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL**

June 30, 2012

Budgetary accounting and control

Budget law

The Judicial Expense Fund prepares the annual combined operating budget for the general fund, the indigent transcript fund, and the drug treatment fund under the provisions of the Louisiana Municipal Budget Act. In accordance with those provisions, the following procedures are used in adopting the annual budget for these funds

- (1) An operating budget is prepared at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- (2) The budget is available for public inspection at least fifteen days prior to the beginning of the fiscal year.
- (3) The budget is adopted after consideration of public comment, if any, and authorized for implementation on the first day of the fiscal year.
- (4) The budgets are prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by character (personal services, group benefits, supplies, contractual services and capital outlay). Total expenditures constitute the legal level of control. Expenditures may not exceed the sum of appropriations plus the unreserved prior year fund balance. The budget may be revised during the year as estimates regarding revenues and expenditures change.
- (5) Appropriations lapse at the end of each fiscal year.

With regard to the Commissioners' fund, which is an appropriation of the Louisiana Supreme Court for the operation of the commissioners' offices, the Judicial Budgetary Control Board governs the budget. R.S. 39 4B exempts the judiciary of the state from the State Division of Administration budgetary control, and since budgetary reporting for the Commissioners' Fund is the responsibility of the Judicial Budgetary Control Board, the Nineteenth Judicial District Court is of the opinion that the Commissioners' Fund is also not subject to the Local Government Budget Act (R S 39 1301-14), in particular, those requirements relating to public hearings and advertisement. Accordingly, the Commissioners' Fund budget to actual presentation will utilize the budget data formulated under the auspices of the Judicial Budgetary Control Board.

These procedures are followed in establishing the budgetary data reflected in the financial statements with regard to the special revenue fund:

- (1) An operating budget is prepared for the commissioners' fund prior to the commencement of the budgetary fiscal year and submitted to the Judicial Budgetary Control Board. The operating budget includes proposed expenditures for the upcoming year.
- (2) All funds remaining unexpended or unencumbered at year end shall be returned to the state general fund.
- (3) Any surpluses occurring in the appropriation may be transferred from one line item to another during the fiscal year.

Budgetary accounting

The General Fund, Indigent Transcript Fund and the Commissioners' Fund budgets are prepared and presented using the modified accrual basis of accounting.

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**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Judges of the
Nineteenth Judicial District Court

We have audited the financial statements of the Nineteenth Judicial District Court - Judicial Expense Fund, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over financial reporting.

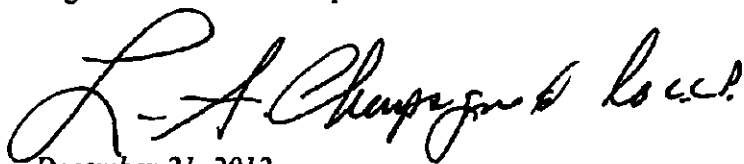
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not necessarily to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nineteenth Judicial District Court - Judicial Expense Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

This report is intended solely for the information and use of the management and governing body of the Nineteenth Judicial District Court - Judicial Expense Fund, the City of Baton Rouge and Parish of East Baton Rouge, Louisiana, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana R S 24:513, this report is distributed by the Legislative Auditor as a public document.



December 21, 2012

**NINETEENTH JUDICIAL DISTRICT COURT –
JUDICIAL EXPENSE FUND
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2012**

A: SUMMARY OF AUDIT RESULTS

1. The auditor expresses an unqualified opinion on the financial statements of Nineteenth Judicial District Court – Judicial Expense Fund.
2. No significant deficiencies related to the audit of the financial statements of the Nineteenth Judicial District Court – Judicial Expense Fund are reported in the "Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* "
3. No instances of noncompliance material to the financial statements of the Nineteenth Judicial District Court – Judicial Expense Fund were disclosed during the audit.
4. Not applicable.
5. Not applicable.
6. Not applicable.
7. Not applicable.
8. Not applicable.
9. Not applicable.
10. No management letter was issued in conjunction with this engagement.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings that are required to be reported in this section of the report.

**NINETEENTH JUDICIAL DISTRICT COURT –
JUDICIAL EXPENSE FUND
SCHEDULE OF CORRECTIVE ACTION PLAN**
Year Ended June 30, 2012

None required

**NINETEENTH JUDICIAL DISTRICT COURT –
JUDICIAL EXPENSE FUND
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS**
Year Ended June 30, 2012

None required